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12 Attorneys for Defendant and Counterclaimant,  
MICROSOFT CORPORATION

13 UNITED STATES DISTRICT COURT  
14 NORTHERN DISTRICT OF CALIFORNIA  
15 OAKLAND DIVISION

16 INTERTRUST TECHNOLOGIES  
17 CORPORATION, a Delaware corporation,

18 Plaintiff,

19 v.

20 MICROSOFT CORPORATION, a  
Washington Corporation,

21 Defendant.

22 MICROSOFT CORPORATION, a  
23 Washington corporation,

24 Counterclaimant,

25 v.

26 INTERTRUST TECHNOLOGIES  
CORPORATION, a Delaware corporation,

27 Counter-Defendant.  
28

CASE NO: C 02 0647 SBA

**MICROSOFT CORPORATION'S FIRST  
AMENDED ANSWER AND  
COUNTERCLAIMS**

**MICROSOFT CORPORATION'S FIRST  
AMENDED ANSWER AND COUNTERCLAIMS  
CASE NO. C 02-0647 SBA**

1 Defendant Microsoft Corporation ("Microsoft") answers the Complaint of InterTrust  
2 Technologies Corporation ("InterTrust") as follows:

3 1. Microsoft admits that the Complaint purports to state a cause of action under the  
4 patent laws of the United States, 35 United States Code, §§ 271 and 281. Microsoft denies that it  
5 has infringed or now infringes the patent asserted against Microsoft in the Complaint. Microsoft  
6 denies any and all remaining allegations of paragraph 1 of the Complaint.

7 2. Microsoft admits that the Complaint purports to state a cause of action over which  
8 this Court has subject matter jurisdiction under 28 U.S.C. §§ 1331 and 1338(a).

9 3. Microsoft admits, for purposes of this action only, that venue is proper in this  
10 judicial district. Microsoft denies any and all remaining allegations of paragraph 3 of the  
11 Complaint.

12 4. Upon information and belief, Microsoft admits the allegations of paragraph 4 of  
13 the Complaint.

14 5. Microsoft admits the allegations of paragraph 5 of the Complaint.

15 6. Microsoft admits, for purposes of this action only, that it transacts business in this  
16 judicial district. Microsoft denies any and all remaining allegations of paragraph 6 of the  
17 Complaint.

18 7. Microsoft admits that on its face the title page of U.S. Patent No. 6,157,721 ("the  
19 '721 Patent") states that it was issued December 5, 2000, is entitled "Systems and methods using  
20 cryptography to protect secure computing environments," and lists "InterTrust Technologies  
21 Corp." as the assignee. Microsoft denies that the '721 Patent was duly and lawfully issued.  
22 Microsoft further denies, or lacks information or belief sufficient to admit or deny any and all  
23 remaining allegations of paragraph 7 of the Complaint.

24 8. Microsoft repeats and reasserts its responses to paragraphs 1-7 of the Complaint,  
25 as if fully restated herein.

26 9. Microsoft admits that the Complaint purports to state a cause of action under  
27 35 U.S.C. §§ 271 and 281. Microsoft denies that it has infringed or now infringes the patent  
28

1 asserted against Microsoft in the Complaint. Microsoft denies any and all remaining allegations  
2 of paragraph 9 of the Complaint.

3 10. Microsoft denies, or lacks information and belief sufficient to admit or deny as to  
4 InterTrust's claim as to any and all allegations of paragraph 10 of the Complaint.

5 11. Microsoft denies any and all allegations of paragraph 11 of the Complaint.

6 12. Microsoft denies any and all allegations of paragraph 12 of the Complaint.

7 13. Microsoft denies any and all allegations of paragraph 13 of the Complaint.

8 14. Microsoft denies any and all allegations of paragraph 14 of the Complaint.

9 **AFFIRMATIVE AND OTHER DEFENSES**

10 Further answering the Complaint, Microsoft asserts the following defenses. Microsoft  
11 reserves the right to amend its answer with additional defenses as further information is obtained.

12 **First Defense: Noninfringement of the Asserted Patent**

13 15. Microsoft has not infringed, contributed to the infringement of, or induced the  
14 infringement of U.S. Patent No. 6,157,721 ("the '721 Patent"), and is not liable for infringement  
15 thereof.

16 16. Any and all Microsoft products or actions that are accused of infringement have  
17 substantial uses that do not infringe and therefore cannot induce or contribute to the infringement  
18 of the '721 Patent.

19 **Second Defense: Invalidity of the Asserted Patent**

20 17. On information and belief, the '721 Patent is invalid for failing to comply with the  
21 provisions of the Patent Laws, Title 35 U.S.C., including without limitation one or more of  
22 35 U.S.C. §§ 102, 103 and 112.

23 **Third Defense: Unavailability of Relief**

24 18. On information and belief, Plaintiff has failed to plead and meet the requirements  
25 of 35 U.S.C. § 271(b) and is not entitled to any alleged damages prior to providing any actual  
26 notice to Microsoft of the '721 Patent.

1                                    **Fourth Defense: Unavailability of Relief**

2            19.    On information and belief, Plaintiff has failed to plead and meet the requirements  
3 of 35 U.S.C. § 284 for enhanced damages and is not entitled to any damages prior to providing  
4 any actual notice to Microsoft of the '721 Patent, and any alleged infringement thereof.

5                                    **Fifth Defense: Unavailability of Relief**

6            20.    On information and belief, Plaintiff has failed to plead and meet the requirements  
7 of 35 U.S.C. § 287, and has otherwise failed to show that it is entitled to any damages.

8                                    **Sixth Defense: Prosecution History Estoppel**

9            21.    Plaintiff's alleged cause of action for patent infringement is barred under the  
10 doctrine of prosecution history estoppel, and Plaintiff is estopped from claiming that the '721  
11 Patent covers or includes any accused Microsoft product or method.

12                                   **Seventh Defense: Dedication to the Public**

13           22.    Plaintiff (and its predecessors in interest) has dedicated to the public, and  
14 abandoned, all methods, apparatus, and products (a) disclosed in U.S. Patent No. 5,940,504 and  
15 not literally claimed therein, (b) disclosed in U.S. Patent No. 5,892,900 and not literally claimed  
16 therein, (c) disclosed in U.S. Patent No. 5,917,912 and not literally claimed therein, (d) disclosed  
17 in U.S. Patent No. 5,920,861 and not literally claimed therein, (e) disclosed in U.S. Patent No.  
18 5,982,891 and not literally claimed therein, (f) disclosed in the '721 Patent and not literally  
19 claimed therein, (g) disclosed in U.S. Patent No. 6,185,683 B1 and not literally claimed therein,  
20 and/or (h) disclosed in U.S. Patent No. 6,253,193 B1 and not literally claimed therein, and is  
21 estopped from claiming infringement by any such public domain methods, apparatus, and  
22 products.

23                                   **Eighth Defense: Use/Manufacture By/For United States Government**

24           23.    To the extent that any accused product has been used or manufactured by or for the  
25 United States, Plaintiff's claims and demands for relief are barred by 28 U.S.C. § 1498.

26                                   **Ninth Defense: License**

27           24.    To the extent that Plaintiff's allegation of infringement is premised on the alleged  
28

1 use, sale, or offer for sale of a product that was manufactured by or for a licensee of InterTrust  
2 and/or provided by or to Microsoft to or by a licensee of InterTrust, such allegation is barred  
3 pursuant to license.

4 **Tenth Defense: Acquiescence**

5 25. Plaintiff has acquiesced in at least those acts of Microsoft that are alleged to  
6 infringe the '721 Patent.

7 **Eleventh Defense: Laches**

8 26. Plaintiff's claims for relief are barred, in whole or in part, by the equitable doctrine  
9 of laches.

10 **Twelfth Defense: Inequitable Conduct**

11 27. The '721 Patent claims are unenforceable due to inequitable conduct, including  
12 those acts and failures to act set forth in Count III of Microsoft's Counterclaims, set forth below.

13 **Thirteenth Defense: Unenforceability**

14 28. The claims of the '721 Patent are unenforceable due to unclean hands, inequitable  
15 conduct and misuse and illegal extension of the patent right, including those acts and failures to  
16 act set forth in Count IV of Microsoft's Counterclaims, set forth below.

17 **COUNTERCLAIMS**  
18 **COUNT I – DECLARATORY**  
19 **JUDGMENT OF NONINFRINGEMENT**

20 1. This action arises under the patent laws of the United States, Title 35 U.S.C. §§ 1,  
21 *et seq.* This Court has subject matter jurisdiction over this counterclaim under 28 U.S.C. §§ 1338,  
22 2201, and 2202.

23 2. Microsoft Corporation ("Microsoft") is a Washington corporation with its  
24 principal place of business in Redmond, Washington.

25 3. On information and belief, Plaintiff /Counterclaim Defendant InterTrust  
26 Technologies Corporation ("InterTrust") is a Delaware corporation with its principal place of  
27 business in Santa Clara, California.  
28

1           4.     InterTrust purports to be the owner of U.S. Patent No. 6,157,721 ("the '721  
2 Patent").

3           5.     InterTrust alleges that Microsoft has infringed the '721 Patent.

4           6.     InterTrust issued a press release on February 7, 2002. The press release stated that  
5 InterTrust had filed a lawsuit against Microsoft for patent infringement. The press release  
6 specified that InterTrust "alleges infringement by Microsoft's 'Plug and Play' Driver  
7 Certification Program."

8           7.     Microsoft's certification of hardware drivers has not infringed, either directly or  
9 indirectly, any claim of the '721 Patent, and Microsoft is not liable for infringement thereof.

10          8.     An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202, exists  
11 between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to the  
12 infringement or noninfringement of the '721 Patent.

13                               **COUNT II - DECLARATORY**  
14                               **JUDGMENT OF INVALIDITY OF THE '721 PATENT**

15          9.     Microsoft repeats and realleges paragraphs 1-5 of its Counterclaims, as if fully  
16 restated herein.

17          10.    The '721 Patent, and each claim thereof, is invalid for failing to comply with the  
18 provisions of the Patent Laws, including one or more of 35 U.S.C. §§ 102, 103 and 112.

19          11.    An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202, exists  
20 between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to whether  
21 the claims of the '721 Patent are valid or invalid.

22                               **COUNT III - DECLARATORY JUDGMENT**  
23                               **OF UNENFORCEABILITY OF THE '721 PATENT**

24          12.    Microsoft repeats and realleges paragraphs 1-5 of its Counterclaims, as if fully  
25 restated herein.

26          13.    Claims 1-43 of the '721 Patent application (SN 08/689,754), and claims 1-41 of  
27 the '721 Patent, were not and are not entitled to the benefit of any application filing date prior to  
28 August 12, 1996, under 35 U.S.C. § 120 or otherwise.

1           14.     United States Patent No. 5,910,987 ("the '987 Patent") issued on June 8, 1999,  
2 from a continuation of an application filed on February 13, 1995.

3           15.     The '987 Patent is prior art to claims 1-8, 10-29, and 31-43 of the '721 Patent  
4 application (SN 08/689,754).

5           16.     The '987 Patent is prior art to claims 1-41 of the '721 Patent under 35 U.S.C.  
6 § 102(e).

7           17.     The '987 Patent was material to the patentability of claims 1-8, 10-29, and 31-43  
8 of the '721 Patent application (SN 08/689,754).

9           18.     One or more of the '721 Patent applicants knew, while the '721 Patent application  
10 (SN 08/689,754) was pending, of the '987 Patent.

11           19.     On information and belief, one or more of the attorneys who prosecuted or assisted  
12 in prosecuting the '721 Patent application (SN 08/689,754) knew, while that application was  
13 pending, of the '987 Patent.

14           20.     The applicants for the '721 Patent did not cite the '987 Patent to the Patent Office  
15 as prior art to any of claims 1-43 of the '721 Patent application (SN 08/689,754).

16           21.     The applicants for the '721 Patent did not cite to the Patent Office as prior art to  
17 any of claims 1-43 of the '721 Patent application (SN 08/689,754) any reference having the same  
18 or substantially the same disclosure as the '987 Patent.

19           22.     The '987 Patent is not merely cumulative over any reference cited as prior art  
20 during the prosecution of the '721 Patent application (SN 08/689,754).

21           23.     On information and belief, one or more of the '721 Patent applicants believed,  
22 while the '721 Patent application (SN 08/689,754) was pending, that the '987 Patent was material  
23 to the patentability of one or more of claims 1-8, 10-29, and 31-43 of the '721 Patent application  
24 (SN 08/689,754), but, with deceptive intent, failed to disclose that reference as prior art to the  
25 Patent Office.

26

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28

1           24.    The '721 Patent is unenforceable due to the inequitable conduct of the '721 Patent  
2 applicants and/or agents before the Patent and Trademark Office in connection with the '721  
3 Patent application (SN 08/689,754).

4           25.    An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202, exists  
5 between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to whether  
6 the claims of the '721 Patent are enforceable.

7                                   **COUNT IV – DECLARATORY**  
8                                   **JUDGMENT OF UNENFORCEABILITY**

8           26.    Microsoft repeats and realleges paragraphs 1-5 and 12-24 of its Counterclaims, as  
9 if fully restated herein.

10          27.    In prosecuting, marketing, and enforcing various related patents, including the  
11 '721 Patent, InterTrust has engaged in a pattern of obfuscation as to the scope of the patents, the  
12 prior art to the patents, and the alleged "inventions" of the patents. For example, InterTrust has  
13 accused non-infringing products of infringement, has buried Patent Office Examiners with a  
14 collection of more than 400 references, many of which were not related to the particular claims in  
15 issue, and has buried the Examiners with hundreds or thousands of pages of redundant, verbose,  
16 unclear text, effectively prohibiting a real comparison of the alleged "invention" versus the prior  
17 art. This pattern of intentional conduct constitutes an abuse of the patent system, unclean hands,  
18 misuse and illegal extension of the patent right, rendering the '721 Patent unenforceable, as well  
19 as invalid under Section 112.

20          28.    An actual controversy, within the meaning of 28 U.S.C. §§ 2201 and 2202, exists  
21 between Microsoft, on the one hand, and InterTrust, on the other hand, with respect to whether  
22 the claims of the '721 Patent are enforceable.

23                                   **PRAYER FOR RELIEF**

24          WHEREFORE, Microsoft prays for the following relief:

25          A.     The Court enter judgment against InterTrust, and dismiss with prejudice, any and  
26 all claims of the Complaint;



1                    **DECLARATION OF SERVICE VIA ELECTRONIC MAIL AND U.S. MAIL**

2                    I am more than eighteen years old and not a party to this action. My place of  
3 employment and business address is 1000 Marsh Road, Menlo Park, California 94025.

4                    On April 12, 2002, I served:

5                    **MICROSOFT CORPORATION'S FIRST AMENDED ANSWER AND**  
6                    **COUNTERCLAIMS**

7 By transmitting a copy of the above-listed document(s) in PDF form via electronic mail Michael  
8 H. Page at mhp@kvn.com, Christopher P. Isaac at chris.isaac@finnegan.com, Stephen E.  
9 Taylor at staylor@tcolaw.com and James E. Geringer at james.geringer@klarquist.com and  
10 also by placing true and correct copies of the above documents in an envelope addressed to:

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1 and sealing the envelope, affixing adequate first-class postage and depositing it in the U.S. mail  
2 at Menlo Park, California.

3 Executed on April 12, 2002 at Menlo Park, California.

4 I declare under penalty of perjury that the foregoing is true and correct.

5  
6 \_\_\_\_\_  
Print Name

7  
8 \_\_\_\_\_  
Signature